

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
Audit, Budget, Foundation Relations Committee

Committee Members: Trustee Heitmann (Chair) and Trustee Hernández

Ventura County Community College District
255 West Stanley Avenue, Suite 150
Ventura, CA 93001

Monday, April 20, 2009
3:00 P.M.

Meeting Notes

CALL TO ORDER

The Meeting was called to order at 3:17 p.m. by Trustee Heitmann.

PRESENT

Members: Trustee Heitmann and Trustee Hernández

Staff: Sue Johnson, Mary Anne McNeil, and Deborah LaTeer

PUBLIC COMMENT REGARDING AGENDA ITEMS

There were no public comments.

FY2009-10 BUDGET ASSUMPTIONS

The annual budget development process commences each year with the identification of a set of Budget Assumptions that guide the process throughout the various phases. Sue Johnson presented and explained the FY2009-10 Budget Assumptions, as they were presented to and recommended by DCAS.

Ms. Johnson highlighted key points that the Board has adopted as philosophical changes to budget development. They included, but are not limited to, budgeting for a contingency for revenue shortfall to mitigate mid-year reductions from the state; not borrowing summer session FTES to report growth, but instead reporting it in the year where it is actually earned in order to cover associated expenses; not reporting growth until after it is attained; and segregating reserves for better clarification.

Trustee Hernández requested that in some way we highlight the philosophical changes made by the board, including an emphasis on long-term planning, budgeting, and fiscal sustainability. He suggested that the development of a three-year projection of revenue, expenditures, and reserves might demonstrate why longer term foresight is needed and requested that specific examples be given of what actions the Board has taken to prevent the hardships some other community college districts are experiencing in cash flow, etc.

After detailed discussion, the Committee recommended that the FY2009-10 Budget Assumptions be forwarded to the full board for approval, and that staff develop a Board policy on Budget Development to address the long-term philosophical direction of the Board.

GASB 45 ACTUARIAL STUDY OF RETIREE HEALTH LIABILITIES

An Actuarial Study of Retiree Health Liabilities has been completed, and was reviewed and discussed. Since the last Study, which was completed in 2007, the liability has increased by approximately \$23 million, for a total of \$173.7 million. The \$173.7 million liability represents the estimated amount that would have accumulated if the District had begun contributing to retiree health benefits when each eligible employee was hired, similar to how we contribute to STRS and PERS retirement.

The increase is due to corrections made to the initial database, a change in the method of amortization, and primarily due to the "passage of time". The results of the study suggest that the District needs to increase the annual contribution to the Health Retiree Liability fund by \$1.7 million. If funds were in an irrevocable trust, the amount of both the liability and annual contribution would decrease significantly.

As a part of the budget development process, staff will develop recommendations whether or not to increase the annual contribution and if so, how to fund this increase.

The Committee recommended that staff pursue the establishment of an Irrevocable Trust for the Retiree Health Liability contributions. This would allow the accumulated funds to yield a higher return, which would help mitigate both the liability and the annual contribution. Options will be brought to the Committee at a later date.

RESTRICTED FUNDS

Ms. Johnson reviewed the Restricted Funds balances (as of the FY2008-09 Adoption Budget) and explained appropriate/authorized expenditures for each restricted fund.

OTHER BUSINESS

A memo from the Community College League of California (dated 4/20/09) was distributed and discussed. The memo detailed the funding implications for the district based on the passage or failure of Propositions 1A and 1B on the May 19th Special Election.

Meeting adjourned at 4:58 p.m.